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DO NOT FORWARD/ FILE #6676811-90LHX
From: Lt. Col. M. Dean Humes, Asst. Dir., Office of Public Relations,
USAF/DOD**

**To: Lt. Gen. William Bingham Gordon, USAF/DOD
In Re: LHX Contractor Security Breach Control**

Containment of LHX information leakage has been achieved. No unrecovered loss of sensitive information or procurement of same by hostile or questionable entities has been detected. Culpable parties have been neutralized or are in flight. SPARTAN is in disarray, and Hashemi el-Beleel is a fugitive in South Africa.

As you know, on 1/19, a premature unsanctioned statement concerning the LHX contractor security breach was made to media representatives by a rogue entity within the Pentagon. No such leaks were authorized by pertinent internal administrators. It was not known until recently who violated the security system, or what, if any, information was obtained. Inasmuch as the unauthorized access was unconfirmed at that time, uniform procedure was followed and spokespersons for the Pentagon would not comment on or off the record.

All that was certain at the time was that the access had been gained from outside the internal systems; computer logs show no unauthorized linkage with LHX information by on-site terminals. The identity and motives of the outside computer criminal, or "hacker," was not known. The investigation to isolate the source of the leaks within the Pentagon was instituted and is ongoing; progress of this investigation is unsatisfactory to date. Defense contract administrators claim that computer security is being intensified by all military contractors, sub-contractors, and other pertinent entities. Until involved agencies see clear evidence that this has taken place, contractor clearance level is downgraded and contractor access to Pentagon and all other military computer systems is to be reduced and monitored.

Although no hostile or questionable foreign entity access to secure contractor information was detected, the possibility of later access was taken seriously. Possibility of unauthorized transferral of accessed data to hostiles was suggested by the mode and method of intrusion. LHX scout/attack helicopter (SCAT) technology level exceeds detected or estimated SCAT technology possessed by any hostile or questionable entity by several factors. Leakage of data containing LHX noise reduction or advanced digital/optical control system (ADOCS) technology would seriously compromise development and deployment of aircraft.

Competition among defense contractors to acquire LHX contract has been intense. A theory was advanced that one contractor spied on competitors and then simulated an identical breach of their own security system; this theory was discounted when computer logs of all indicated contractors showed no such interception of competitors' secure information. This does not, however, rule out access through distant-site computers by one or more contractors.

The security breach added to current public relations concerns. Reduction of tensions between NATO and Warsaw Pact forces and the resultant expectation that military procurement would be reduced has caused concern that public opinion would turn against LHX and similar programs, and a popular perception would arise that they are "unnecessary." PR office is investigating avenues to portray security risks still in place as sufficient to necessitate LHX development, and to make the LHX seem "sexy" in all media encounters. Insert is draft LHX PR statement:

"The world is a more peaceful place now because America is strong, and continued strength is needed for continued peace. One vital guarantee of that strength in the future will be the LHX scout helicopter. It will be the most modern, up-to-date helicopter in the world, equipped with a revolutionary new guidance system that will eventually make civilian air travel even safer than it is now. Plus it will have a technologically advanced sound reduction system that will allow much less noise pollution than any previous aircraft of its type. And it will be beautiful just to look at. LHX will truly be state-of-the art."

<End of insert>

After analyzing various leads, Department of Defense (DOD) isolated international arms dealer Hashemi el-Beleel, a Libyan national implicated several times in defense industry espionage but who has remained unindicted due to insufficient evidence and intimidated witnesses, as the prime suspect. Insert is news clipping dated 1/21:

“Beleel has denied any role in the rumored LHX security scandal in a heated press conference Tuesday. He characterized allegations that he played a role in the still-unconfirmed leaks as ‘irresponsible’.

“‘Not only has no evidence been offered that I had a role in any leaks,’ said Beleel, ‘there is also no evidence that the leaks even took place. I do business on a legitimate basis only, and I am conspicuous enough on the world stage that it would be insane for me to indulge in the practices described.’” <End of insert>

Ongoing observation of Beleel was increased at this time to a 24 hour eyeball watch, and electronic interception of all telecommunication activities was intensified. A Defense Intelligence Agency (DIA) employee secreted in Beleel’s office was briefed and reprogrammed for new emphasis in ongoing Beleel investigation.

Observation of known members or sympathizers of the Secret Protected Aeronautics and Restricted Technology Access Network (SPARTAN) was also intensified. Attachment is low-depth backgrounder on SPARTAN issued 7/8/89:

SENSITIVE/J CLASS/FILE# 1256856-89SPA

Attachment to FILE# 6676811-90LHX

**From: Capt. Edgar May, Counter-Espionage
Investigation Office, USN/DIA/DOD**

To: Circulation Net J

In Re: SPARTAN

<Attachment, Partial, Edited, Authorized by Lt. Col. M. Dean Humes>

Authorities are monitoring the activities of a small group of dissidents near the so-called "Silicon Valley" whose objective is obtaining and releasing classified material describing the design and construction of U.S. military armored vehicles, aircraft, and vessels. The objective behind the release of such information is "to reveal waste and corruption in the defense industry and to point out that the ultimate purpose of the Pentagon war machine is aggression and the suppression of popular Third World uprisings." (Quote is from SPARTAN media statement 11/11/89.) The group refers to itself as the Secret Protected Aeronautics and Restricted Technology Access Network or SPARTAN.

So far, 10 individuals have been identified as members of the group, while 5 others have been identified as sympathizers. <Their identities are listed in the full text of File #1256856-89SPA, Circulation Net J access authorization required> The group is held together by radical pacifist ideology and highly developed knowledge of computer systems and networks. They have not to date been successful in accessing any military or military-related computer systems. However, their computer expertise is such that they should be considered a genuine security risk.

Medium level observation has been instituted. Telecommunication interception has proven difficult because it has been discovered several times by subject(s) and neutralized. <End of attachment>

The similarity between SPARTAN's stated goals and probable modus operandi, and the nature of the interception of LHX material, suggested increased observation of the group. This was put into operation, but difficulties concerning interception of telecommunication activities continue; the group has developed and continues to refine a telecommunication scrambler of higher quality than those available to government and military agencies.

When systemic penetration was at last fully confirmed on 1/23, Pentagon spokesperson Marjorie Martin verified in a structured media encounter reports that secured computer information pertaining to the LHX had been penetrated

by an unauthorized entity characterized as computer “hacker or hackers.” Insert is partial text of Martin’s authorized media statement.

“No government computer systems were involved. The only systems compromised were those maintained by private military contractors. We have been able to pinpoint the time the penetration took place, but not the identity of the penetrators. It is not known if any information was copied or duplicated by the outside party or parties, but we do know no information was altered in or added to the files in question.”
<End of insert>

Martin also released low-depth LHX technical briefing. Insert is briefing specifics:

Light Helicopter Experimental (LHX)
Scout/Attack Helicopter (SCAT)

Personnel: 1

Level Speed (Max): 330 km/hr/sea level

Range: 1,425 km/sea level

Ceiling: 2,735 m (9,000 ft)

Avionics: Day/Night/All Weather. Advanced digital/optical control system (ADOCS) results in reduced number of mechanical control links, providing net increase in reliability and ease of operation.

Armament: 20mm automatic cannon in forward fuselage; Air-to-air missiles carried in internal hardpoint: 4 AIM-9L Sidewinders or 8 Stingers; wing armament: 8 Hellfire anti-tank missiles (4 per wing)/4 TOW anti-tank missiles/19 57mm FFAR folding fin aerial rockets (total 38)

Special: Tail rotor eliminated. Ducted fan installation pumps air through tail vents counteracting X-formation main rotor torque generation. Net increase in noise reduction and unenhanced ground-based visual location avoidance factors. <End of insert>

Conforming to stated media encounter policy, Martin refused to speculate on the motives of the “hackers.” Martin did announce that the Federal Bureau of Investigation (FBI) had become involved in the ongoing investigation.

Hashemi el-Beleel was questioned 1/24 by FBI agents concerning the LHX computer hacking scandal. On the advice of his attorney, Beleel refused to answer any questions. Insert is news clipping dated 1/24.

“‘Mr. Beleel chose to exercise his constitutional right not to answer our questions,’ said FBI special agent Buck Luoto. When asked what the next step in the investigation would be, Luoto refused to speculate. Asked if a grand jury investigation was imminent, Luoto declined to answer.

“Eric Lindstrom, Beleel’s attorney, characterized FBI treatment of his client as ‘harassment.’ ‘My client appeared at the regional FBI office of his own free will,’ said Lindstrom. ‘The accusatory nature of the agents’ questions led me to advise him not to answer them at this time.’ When asked if his client was in fact involved in the LHX affair, Lindstrom called the question ‘inflammatory.’ Beleel refused to communicate with the press directly.” <End of insert>

On 1/26, general location of “hacker” was discovered. Incoming teleelectronic signal was traced generally to the 415 area code/San Francisco, CA, area, and specifically to the vicinity popularly known as the Silicon Valley. Insert is authorized media statement by FBI agent D. L. Droy (1/27):

“There are a lot of computer people in that general vicinity who have sufficient technical expertise to pull this off. It will be like looking for a computer chip in a sand pile. At this time, we have no way of knowing if the security violation was a foolish prank or an act of espionage. But whatever the case, the party involved will be apprehended and prosecuted to the full extent of the law. We have our computer experts who are quite capable of tracking them down.” <End of insert>

The proximity of SPARTAN subversive elements to the Silicon Valley was noted. Observation of SPARTAN was intensified 1/26.

On 1/27, an intruder was apprehended in the corporate headquarters of Spearhead Aeronautics Corporation. The subject, later identified as Wallace David Fry, was in possession of a microfilm camera, which he destroyed when stopped by security personnel, exposing the film. It is not known what Fry had photographed, if in fact he had already penetrated to his intended target, but clerical personnel detected a disturbance in files containing secret Spearhead LHX specifications. Fry's lack of computer expertise ruled him out as the LHX computer hacker. Investigation is ongoing concerning any present ties between Fry and McGuire-DeGuillion Avionics, where Fry was deputy assistant chief of security 1977-87. Fry is under indictment for burglary.

Beleel was subpoenaed 1/28 by a federal grand jury impanelled in Seattle, WA, to investigate the LHX matter. Following insert is media statement made by Beleel attorney Eric Lindstrom:

"If my client's name was Smith or Jones, this wouldn't be happening. My client is a suspect solely on the basis of being from the Middle East. This is clearly a racist witch hunt. Previous investigations of Mr. Beleel have all struck dead ends. Not one provable charge, not one indictment, not one trial." <End of insert>

Racist motivation was denied by all pertinent government entities. Check on dossiers of involved individuals showed no detected racist character formation or racist incidents on file.

It became necessary 1/30 to expedite the investigation as much as possible when a possibility of congressional interference arose. Sen. Steven Smythe (R-NC) made the following statement on the floor of the U.S. Senate:

“All the FBI has done so far is footdrag in the LHX matter. And the lack of CIA participation is absolutely criminal. How many times has this happened before and no one found out? The Senate has an obligation to investigate this serious and damaging violation of national security.”

Afterward, Senate Majority Leader Stewart Bonn (D-NY) rose to say any congressional investigation at that time would be “premature.” “We must let the investigators do their jobs, and that will take time,” said Bonn. “Congressional involvement would be nothing more than needless interference in the process.”

Bonn later told reporters that no investigation is being planned at this time in either house of the Congress so far as he knew. Congressional contacts subsequently confirmed this information. Sen. Smythe was also contacted by DIA agents on 1/31. He was briefed on the status of the LHX investigation at that time, and the possibility of new military installations and programs in his State was discussed. The Senator agreed to rescind his request for congressional action in view of the sensitive nature of the investigation.

Ancillary investigation undertaken 4/2 of Electronic Arts, a software publisher located in San Mateo, CA. A military helicopter flight simulation product was released by said company 3/30. Four helicopters are available for operation in the game, one of them being based on an actual LHX prototype. The accuracy of information concerning the characteristics of the prototype LHX—speed, range, maneuverability, and ADOCS control system—was absolute. This was the primary stimulus for opening the investigation. Following is media insert dated 3/26:

(San Mateo, Ca.)—Computer software giant Electronic Arts stirred controversy in- and outside the software industry with the release of a helicopter flight simulation game using the LHX light attack

helicopter. The LHX craft has been at the center of a recent investigation of computer hacking in the defense industry.

“Of course we deny any involvement in this,” said Holly Hartz, public relations director of EA. “None of our employees has tapped into defense industry computers, and no outside sources or freelance programmers have offered us any sensitive information concerning the LHX. We would turn over any such information to the government immediately. Our records, which prove we were not involved, are open to any investigative agency.”

Hartz referred to the timing of the game’s release as “just a coincidence. It has been in the planning stages for months, and its release was not hurried-up to take advantage of recent unfortunate events.”
<End of insert>

It is not believed that Electronic Arts played any role in the LHX matter. Records the company presented to investigators established innocence to agency satisfaction. No sensitive material was found and all pertinent material was furnished by defense industry contractors or derived from published sources. Dossier search in federal and military investigative and intelligence agencies revealed no dossiers on current or past Electronic Arts employees, temporary employees, or outside contractors other than standard military service dossiers and one low intensity dossier concerning observation of activities of a staff writer, last entry 1982. No observation or telecommunications interception of company or any employees or administrators was ordered or believed necessary.

On 4/4 at 07:10 hours, Hashemi el-Beleel boarded a Transkei Airlines 747 enroute to Cape Town, South Africa. An investigation is being conducted to see how he eluded FBI and DIA observation to reach Dulles International Airport in Washington, D.C. He is under constant observation by CIA operatives in place in South Africa. Meanwhile, the South African government has proved uncooperative. Beleel is reputed to have assisted the South African government in obtaining weapons-grade plutonium several times over the past 20 years. There

is no documentary confirmation of this in current files. DIA employee stationed in Beleel's office was reprimanded and restationed to DIA People's Democratic Republic of Yemen monitoring desk.

On 4/5, the phone records of Hashemi el-Beleel were accessed by means of a court order. Analysis showed several contacts through Beleel's private phone number by Anthony William Adaggio of Mountain View, CA. Adaggio is a known SPARTAN sympathizer and suspected member. A review of Adaggio's past activities shows repeated arrests for civil disobedience actions; the general theme of these actions has been to protest and/or hinder military activities. According to current analysis, all telecommunications contacts with Beleel's number were initiated by Adaggio. The longest contact was 2.56 hours long and was made on the day following the unauthorized access of computerized LHX material. Maximum observation of Adaggio was ordered and DIA contact within SPARTAN was briefed on change in status of SPARTAN and Adaggio investigations. Secondary audio access monitors were installed in Adaggio's home and places he is known to frequent.

On 7/28, Hashemi el-Beleel resurfaced in South Africa. Following insert is from United World Press wire copy:

Johannesburg (UWP)—International arms dealer Hashemi el-Beleel appeared before a panel of South African journalists here and condemned coverage of him in the American media.

"I go on vacation and I am described as 'fleeing'," said Beleel. "I leave the United States for some rest and I am called a 'fugitive'. I doubt that I shall ever go back if I am to hear such insults every time I leave." Beleel said he was in South Africa to rest on a ranch he owns in a remote part of the country and to consult with officials of Pretoria.

Beleel still maintains his innocence in the LHX Hacker Scandal. "I don't know how this Adaggio person got my private number," said Beleel, "but I can guarantee you it will be changed. I never talked to him and I have no idea why he would want to talk to me. Perhaps he had secrets

he thought I would buy. I would never buy such information. I am an honest businessman.” <End of insert>

On 4/7, Anthony William Adaggio was taken into custody by FBI special agents. Materials inconsistent with Adaggio’s professed pacifist sympathies were found in his home. World War II memorabilia, including weapons and armaments (it has not yet been determined whether these had been disarmed and they were taken from the site by bomb removal personnel), was present. Expected leftist literature was found, but so was a large quantity of mercenary material. Several containers of computer media were confiscated to be analyzed for classified content. Adaggio was released 4/9 on \$50,000 bail. Trace was placed on source of bail. On 4/10, original source of bail was traced to Hashemi el-Beleel.

Psychological assessment of Anthony William Adaggio was performed while he was in custody. Strong paranoid character formation with delusional, obsessive thought patterns were found. Military records indicate Adaggio was found psychologically unfit for enlistment in the Marine Corps, 1979 and 1983. Was hospitalized in 1979, 1983, and 1987 after suicide attempts. His obsessions with military institutions and symbolism became a love/hate relationship. Rejection by Marine Corps led to apparent desire to destroy the military and led ultimately to his participation in SPARTAN activities. Fellow SPARTAN sympathizers who were subsequently interviewed claimed to know nothing of Adaggio’s past and characterized him as “intense” but detected no psychological disorder.

Analysis of computer media seized from Anthony William Adaggio has revealed no secret or sensitive military data. There was, however, a great deal of data derived from public and published sources.

On 4/13, Anthony William Adaggio was found murdered in his home. Coroner ruled 4/14 that cause of death was a single gunshot to the head from a high powered rifle fired from a significant distance. No weapon was found, no further evidence has been discovered as of the date of this report. Many Electronic Arts products were found on the premises. Adaggio was a known computer “gamer,”

and many other name-brand products were found on site, so previous Electronic Arts/LHX investigation was not reopened.

On 4/15, attempted telephone credit transaction on an account in the name of Hashemi el-Beleel was intercepted. A reservation on a Royal Kuwaiti Airlines flight from San Francisco to Latakia, Syria, was made in the name of Esmail Hazzan. RKA ticket agent contacted FBI immediately; all Beleel's banking and credit accounts were frozen 3/29, but FBI officials authorized transaction. Esmail Hazzan was identified as an alias for Ali Gousheg, an Iranian national with known connections to the terrorist organization Jihad of the New Imam, and a suspect in bombings and assassinations in Egypt, Lebanon, Israel, France, and Denmark. Communication with Interpol indicated there was an outstanding warrant for Gousheg's arrest still posted in Denmark. FBI special agents intercepted Gousheg at San Francisco International Airport and detained him for Danish authorities.

Subsequent search of a condominium in San Carlos, CA, rented under the name of a "dummy" corporation owned by Hashemi el-Beleel, revealed the presence of a high powered rifle equipped with an infrared sniper-scope, laser targeting system, and silencer. Ballistic tests revealed projectile fired from this rifle incurred scoring consistent with projectile that killed Anthony William Adaggio. Gousheg is being held on first degree murder charges by California authorities. Gousheg's attorneys arranged plea bargain 4/18, and he confessed to murdering Adaggio. He said murder was "execution" paid for Hashemi el-Beleel after Adaggio "double-crossed" him concerning LHX data.

A high level executive of Electronic Arts contacted FBI and DOD officials on 4/16 saying Anthony William Adaggio had sent computer media to Electronic Arts' San Mateo, CA, headquarters. Said computer media had not been accessed or examined by recipient due to the sensitive nature of the Adaggio investigation. Official examination of computer media revealed storage of secure information concerning LHX specifications of several defense contractors. Electronic Arts public relations director made the following statement to media representatives:

"We don't have a clear idea why Mr. Adaggio sent this material to us. He did send us a note, but its tone is very confused. We would

certainly not reveal or exploit any such sensitive data. We are happy we have been able to play a small role in putting this matter to rest, and we are saddened by the tragic consequences of Mr. Adaggio's actions." <End of insert>

Electronic Arts privately made available a note from Adaggio that accompanied the computer media to investigators. Insert is excerpt of note:

The war machine treats things like the LHX attack helicopter and other military research as a game. I'm sure you realize this. Any real gamer does. But their real life games kill people. I thought Beleel felt the same way, but he lied to me. I liberated this material for him, but when I found out he was going to sell it, I sent it to you and told him to go to hell. We need to educate everyone about computer networks and cutting-edge military technology so the Pentagon can't do things like this behind people's backs, so we can check up on them. The great thing about America is the system of checks and balances. If anyone understands game balance, it's a gamer. I'm sure you feel the same way and can make appropriate use of this information.

<End of insert>

No telecommunications interception or observation of Electronic Arts is contemplated at this time. Positive reaction to donation of popular LHX Attack Chopper, F/16 Combat Pilot, 688 Attack Sub, and Earl Weaver Baseball computer simulation products to DOD, DIA, and FBI was expressed.

<End of document-Shred immediately.>

This is a work of fiction. Any resemblance to real persons, living or dead, or actual events is purely coincidental.



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